Index

ad valorem tax equivalent 75
adverse selection 97, 245–246
AEO see Authorized Economic Operator 
agency
  costs 157, 229
  theory 230
allocative
  distortions 54
  efficiency 54
altruistic trust, 70
Antràs, Pol 62, 190
appropriability hazards 192
asymmetric information see information asymmetry
asymmetric information products 156–157, 163
Authorized Economic Operator 226
B2B Relationship 226
balance of payments 28, 44
bankruptcy costs 157
barter
  exchange 15
  prices 9
  trade 9
behaviour
  opportunistic see opportunistic behaviour
  rational see rational behaviour
  rent-seeking see rent-seeking behaviour
  strategic see strategic behaviour
Belgium 21, 28–30, 32, 38, 42, 48, 173, 206, 251
benefits
  direct see direct benefits
  indirect see indirect benefits
societal see societal benefits
best practice standards 170–171
beta-plus 182
bilateral trade flows 117, 119–122, 125, 131, 140–142, 173
‘black box’ 23, 53, 62
blind trust 70–71
bonding costs 157, 228–230
bounded rationality 54–55
BRIC countries 4, 5, 21, 28, 141–142
calculative trust 69, 72–73, 256
‘chain economy’ 102
China 4, 5, 21, 28, 38–39, 46–47, 64, 117, 121, 130–133, 135, 137–141, 143, 154, 182, 206, 255
cub goods 145, 151, 159, 164–165
cluster 96, 98, 201
coection-constraining institutions 64
cognitive dissonance 71
collusion 104, 202
comparative advantage 1, 2, 8, 12, 15, 17–18, 28, 58, 60, 62, 82, 84, 87, 91, 126, 133, 137, 141, 145, 161
comparative contractual approach 56
competition policy 199, 202, 208
competitive transfer prices 50
compliance costs
  external see external compliance costs
  internal see internal compliance costs
consumer surplus 4
contact stage 64–65, 67
contract-enforcement institutions 64
contract stage 64–65
contractual hazards 57–58
control stage 64, 67
coordination
  efficiency of see efficiency of coordination
Managing transaction costs in the era of globalization

distance indicator 117
distribution
  function 19–20, 26, 40, 42, 45–46
  problem 15–17, 199, 236
division of labour 1, 4, 5, 12–13,
  16, 17, 49, 51, 57, 61, 110, 161,
  177–178, 184, 251–252
economic activity 2, 19–20, 23, 38–41,
  79, 84, 121, 235, 252
economies of scale 12, 15, 53, 90, 147,
  151, 153, 158, 161, 163, 170, 173,
  219, 256
Edgeworth box 13–16, 53–54, 243
effect(s)
  crowding out see crowding out effects
direct see direct effects
  external see external effects
  indirect see indirect effects
  labour-supply see labour-supply effects
  lock-in see lock-in effects
  productivity see productivity effects
  relative-price see relative-price effects
  reputation see reputation effects
  scale see scale effects
  spillover see spillover effects
  substitution see substitution effects
efficiency
  of coordination 4
gains 13, 15, 16, 165, 223–224
emerging
economies 4–5, 142
markets 21–22
endowment 13–15
enforcement costs 157, 228
environmental innovation 20
EU Commission 173
ex ante transaction costs 67
excess inertia 155
excess momentum 155
executive hazards 55
experience products 156–157
ex post transaction costs 67
external
  compliance costs 228
effects 144, 153, 178, 198, 201, 205,
  234–236
  stakeholders 79
  standards 149, 153–154, 158, 229
externalities
negative see negative externalities
positive see positive externalities

failure costs 107–108
FDI see Foreign Direct Investments
first-mover advantage 162–163
flexible standards 170–171
Foreign Direct Investments 17, 90–91, 94, 139–140, 199
horizontal 91
vertical 91
formal
institutions 37, 52–53, 57, 72
trust 69–71, 73, 124
trust mechanism 71
free-rider problem 145
free-ridership 95–96, 151, 198, 207–209
function
distribution see distribution function
intermediation see intermediation function
orchestration see orchestration function
production see production function
fundamental uncertainty 65, 70
G2B relationship 226, 244–246, 250
‘game of trust’ 49, 52, 63, 68–69, 73, 121, 127
generalized trust, 70
Germany 22, 24, 28, 32, 42, 46, 125, 142, 173
globalization 1, 3, 5, 16–17, 21, 23, 34, 42, 50–51, 62, 79, 81–82, 84, 88, 95, 112, 121, 126, 130, 140, 146, 161, 174, 184, 199–200, 218, 251, 257
global outsourcing 4, 184
‘golden triangle’ 57
‘gold plating’ 172
goods
club see club goods
derifferentiated see differentiated goods
homogeneous see homogeneous goods
intermediate see intermediate goods
private see private goods
public see public goods
reference priced see reference priced goods

Semi public see semi public goods
governance
of the firm 4
structure 4, 54, 230
government
effectiveness 120
failure 197, 230, 238
gravity
equation 5, 76, 117–118, 121–122, 124, 131, 142–143
model 117–120, 139
Greif, Avner 52, 62–64, 68, 71, 115
Grossman, Gene 58–59
hard transaction costs 228
harmonization costs 171
hazards
appropriability see appropriability hazards
contractual see contractual hazards
executive see executive hazards
Helpman, Elhanan 53, 91, 118, 180
hierarchical coordination 53
hold-up 63, 94, 96, 126, 139, 244
problem 94
homogeneous
commodity 138
goods 65, 124, 137–140
Hong Kong 38, 42, 46–47
horizontal
differentiation 149
transaction costs 13, 50, 89
human capital 9, 12–13, 179
hybrid forms of governance 50
‘hybrids’ 91
ICT policy 108
IHC 95–100, 189–190, 192
in-between markets 91
incomplete
contracts 55, 139, 180, 204–205, 230
information 55, 57, 70, 82, 156–157, 220, 224
India 4, 8, 21, 28, 33, 128, 133–135, 141, 154, 182
indirect
benefits 247
Managing transaction costs in the era of globalization

effects 132, 235
network externalities 155
industrial organization 49, 51, 62, 87, 102, 183, 193, 201, 254
informal
institutions 52
trust 70–73, 122, 124–126
trust mechanism 71
information
asymmetry 138, 198, 216, 227, 246
perfect see perfect information
information and communication technology (ICT) 1, 2, 18, 61, 108–109, 126, 141, 145, 152, 162, 165–166, 209, 211, 234, 239
informational
complexity 55, 225
uncertainty 55
in-house off shoring 131, 140
innovation(s)
environmental see environmental innovations
institutional see institutional innovations
organizational see organizational innovations
technological see technological innovations
trade see trade innovations
institutional
innovations 105, 185
quality 118, 120–121, 132
institutions
coercion-constraining see coercion-constraining institutions
contract-enforcement see contract-enforcement institutions
formal see formal institutions
informal see informal institutions
insurance premium 100
intangible
capital 108
transaction costs 51
intermediate goods 133
intermediation function 128
internal
compliance costs 228
stakeholders 77
standards 149, 153
international
standards 132, 144, 163, 172, 175, 205, 214, 216
International Bureau for Fiscal Documentation 173
intra-company trade 13, 91
intra-firm relationship 51
intra-industry trade 61
Japan 21, 66, 131, 133, 135, 206
Kaizen 187, 191
Kaldor–Hicks improvement 237
knowledge
economy 3, 6, 179, 180, 218, 252
tacit see tacit knowledge
Krugman, Paul 90, 118
labour input 45, 58, 62
labour-supply effect 58
‘laken’ 7, 8, 109, 149, 160
Lean management 176, 183, 185–193
liberalism 34
location decision(s) 17, 28, 79, 89–90, 94, 112–113, 143, 193, 254–256
lock-in effects 167, 216
Luxembourg 30–32, 112
‘make or buy’ decision 89, 131, 140, 143, 177
mandatory standards 152, 156
marginal costs 165, 214, 219
market
mechanism 9, 50, 52–53, 64, 197, 199
matching zones 234, 242–243
mechanism
coordination see coordination mechanism
<table>
<thead>
<tr>
<th>Index</th>
<th>275</th>
</tr>
</thead>
<tbody>
<tr>
<td>formal trust see formal trust mechanism</td>
<td></td>
</tr>
<tr>
<td>informal trust see informal trust mechanism</td>
<td></td>
</tr>
<tr>
<td>market see market mechanism</td>
<td></td>
</tr>
<tr>
<td>pseudo-market see pseudo-market mechanism</td>
<td></td>
</tr>
<tr>
<td>reputation see reputation mechanism</td>
<td></td>
</tr>
<tr>
<td>Ménard, Claude xi, 57, 91, 100, 121</td>
<td></td>
</tr>
<tr>
<td>mercantilism 8, 52 model</td>
<td></td>
</tr>
<tr>
<td>gravity see gravity model</td>
<td></td>
</tr>
<tr>
<td>polder see 'polder model'</td>
<td></td>
</tr>
<tr>
<td>standard costs see Standard Cost Model (SCM)</td>
<td></td>
</tr>
<tr>
<td>modern trade theory 5</td>
<td></td>
</tr>
<tr>
<td>monitoring costs 67, 157, 228–230</td>
<td></td>
</tr>
<tr>
<td>moral</td>
<td></td>
</tr>
<tr>
<td>hazard 97, 100</td>
<td></td>
</tr>
<tr>
<td>trust 70, 72–73</td>
<td></td>
</tr>
<tr>
<td>MSD 154, 158</td>
<td></td>
</tr>
<tr>
<td>Muda 186</td>
<td></td>
</tr>
<tr>
<td>Muri 186, 194</td>
<td></td>
</tr>
<tr>
<td>mutual trust 52, 55, 121–122, 126–127</td>
<td></td>
</tr>
<tr>
<td>Nash equilibrium 69, 198</td>
<td></td>
</tr>
<tr>
<td>negative</td>
<td></td>
</tr>
<tr>
<td>externalities 6, 20, 179, 198, 212–213, 235, 238–239</td>
<td></td>
</tr>
<tr>
<td>trade balance 130</td>
<td></td>
</tr>
<tr>
<td>negotiation costs 171</td>
<td></td>
</tr>
<tr>
<td>network externalities</td>
<td></td>
</tr>
<tr>
<td>direct see direct network externalities</td>
<td></td>
</tr>
<tr>
<td>indirect see indirect network externalities</td>
<td></td>
</tr>
<tr>
<td>new institutional economics 4, 5, 51, 56–57, 62, 64, 82, 90, 143, 183, 193, 197, 204, 253</td>
<td></td>
</tr>
<tr>
<td>North, Douglas 32, 52–54, 57, 74, 128, 183, 253</td>
<td></td>
</tr>
<tr>
<td>OECD 118–119, 132, 142, 178, 205–206, 239, 244</td>
<td></td>
</tr>
<tr>
<td>offshore finance 112</td>
<td></td>
</tr>
<tr>
<td>offshoring 5, 59, 60, 84, 90, 94, 130–131, 139–140, 177</td>
<td></td>
</tr>
<tr>
<td>in-house see in-house offshoring</td>
<td></td>
</tr>
<tr>
<td>outsourced see outsourced offshoring</td>
<td></td>
</tr>
<tr>
<td>open standards 145, 209, 252</td>
<td></td>
</tr>
<tr>
<td>opportunistic behaviour 55–57, 63, 69, 82, 139, 220, 222, 224</td>
<td></td>
</tr>
<tr>
<td>opportunity costs 55, 169, 223</td>
<td></td>
</tr>
<tr>
<td>orchestration</td>
<td></td>
</tr>
<tr>
<td>economy 2, 18</td>
<td></td>
</tr>
<tr>
<td>function 88, 96, 99, 102, 109–110, 178, 180, 200, 202</td>
<td></td>
</tr>
<tr>
<td>of production 84, 89, 92, 254</td>
<td></td>
</tr>
<tr>
<td>organizational innovations 87</td>
<td></td>
</tr>
<tr>
<td>organization of production 2, 4–6, 61, 62, 74, 89, 176–177, 179, 186–188, 190–191, 193–194, 199, 201, 206, 225, 251–252, 253, 256</td>
<td></td>
</tr>
<tr>
<td>outsourced offshoring 131, 133, 140</td>
<td></td>
</tr>
<tr>
<td>global see global outsourcing</td>
<td></td>
</tr>
<tr>
<td>Pareto</td>
<td></td>
</tr>
<tr>
<td>improvement 14–15, 236, 243</td>
<td></td>
</tr>
<tr>
<td>optimum outcome 15</td>
<td></td>
</tr>
<tr>
<td>perfect information 57, 197</td>
<td></td>
</tr>
<tr>
<td>perfectly contestable markets 55</td>
<td></td>
</tr>
<tr>
<td>personnel policy 108</td>
<td></td>
</tr>
<tr>
<td>'picking winners' 6, 217, 219</td>
<td></td>
</tr>
<tr>
<td>'polder model' 8, 190, 226, 240, 241</td>
<td></td>
</tr>
<tr>
<td>policy</td>
<td></td>
</tr>
<tr>
<td>competition see competition policy</td>
<td></td>
</tr>
<tr>
<td>discriminatory see discriminatory policy</td>
<td></td>
</tr>
<tr>
<td>ICT see ICT policy</td>
<td></td>
</tr>
<tr>
<td>innovation see innovation policy</td>
<td></td>
</tr>
<tr>
<td>personnel see personnel policy</td>
<td></td>
</tr>
<tr>
<td>product see product policy</td>
<td></td>
</tr>
<tr>
<td>strategic see strategic policy</td>
<td></td>
</tr>
<tr>
<td>uniform see uniform policy</td>
<td></td>
</tr>
<tr>
<td>pooling equilibrium 220–221</td>
<td></td>
</tr>
<tr>
<td>Porter hypothesis 20</td>
<td></td>
</tr>
</tbody>
</table>
positive
externalities 6, 46, 73, 81, 109, 126, 176, 179, 196, 200–202, 224–225, 238, 249
trade balance 29
preferential trade agreements 143
price elasticity of demand 91
principal/agent contracts 229
principal/agent relationship 226–229, 242–243, 256
prisoner’s dilemma 63, 69–70, 127, 198, 208
private
goods 165
information 220
standards 148, 152, 211, 214
problem
distribution see distribution problem
redistribution see redistribution problem
process standards 144, 148, 152–153
procurement 2, 49, 76–79, 81–82, 102, 108, 143, 192, 194
producer surplus 199
product
differentiation 118, 149, 151, 170, 213
policy 108
standards 143
production
chain 1, 2, 5, 17–18, 49, 82, 84, 87–90, 95, 102, 107, 110, 130, 176, 178, 180, 186, 189–190, 193–194, 201, 204, 206, 209, 211, 256
fragmentation 1, 2, 4, 12, 17–19, 21, 26–27, 42, 49, 51, 58, 61–62, 74, 84, 87–88, 130, 141, 144, 161, 176, 180, 199–200, 202, 205, 252, 254
orchestration of see orchestration of production
organization see organization of production
efficiency 139, 152
function 23, 62, 93, 177
productivity
effect 58
gains 53, 91–92, 95, 108, 110, 183, 199, 201
improvements 16, 221
products
asymmetric information see asymmetric information products
experience see experience products
symmetric information see symmetric information products
pro memori (pm) post 235
property rights 13, 16, 50, 56–58, 64, 91, 94, 118, 120–121, 170, 180, 200, 212, 215
approach 56
pseudo-market mechanism 50
public
goods 120, 127, 196, 198, 200, 205, 226
sector economics 6, 196, 226
standards 152, 164
purchasing power 16
quality standards 8, 144, 160, 187, 239
rational behaviour 72–73, 80–82, 156
rationality
bounded see bounded rationality
unbounded see unbounded rationality
recurring costs 77
redistribution
argument 197, 199, 205
problem 15
re-exports 21, 28, 39–42, 44–48, 131–132, 139, 140
reference priced goods 137
regulatory quality 120
relationship
B2B see B2B relationship
G2B see G2B relationship
intrafirm see intrafirm relationship
principal/agent see principal/agent relationship
trade see trade relationship
relative-price effect 58
relocation 50, 90–91, 98, 183, 194
Rembrandt 7, 128, 149, 160, 240
renegotiation costs 157
rent-seeking behaviour 220–221
reputation effects 69, 72, 226, 247–250
mechanism 70
requisition to pay 79
research and development (R&D) 142, 158, 168, 176–181, 200–202, 219–225
residual loss 157, 229, 256
Ricardian trade theory 12, 60, 135
right first time 191
risk
averse 100
diversification 100
management 3, 246–247
Rossi-Hansberg, Esteban 17, 58–59, 62, 92, 190
rule of law 120
safety standards 151
scale effects 73, 87, 90, 115
search costs 13, 51, 90, 139, 157, 217
'second best' solution 198
selective intervention 54
semi public goods 198
separating equilibrium 220–221
Shell 38, 80, 109, 152
Six sigma 187
social
capital 70, 200
coordination problems 71
innovations 95, 178
responsibility 80
welfare 15, 100, 197, 208, 236
socially-oriented trust 70
societal
benefits 205, 250
cost 46, 229
sourcing strategy 79
specialization 1, 2, 4, 5, 12–18, 21, 49, 53, 61, 73, 87–90, 95–96, 103–106, 110, 144–145, 150, 161, 170, 205, 252
spillover effects 3, 179, 223–224
spillovers 177
stage
contact see contact stage
contract see contract stage
control see control stage
stakeholders
external see external stakeholders
internal see internal stakeholders
standard(s)
best practice see best practice standards
external see external standards
flexible see flexible standards
internal see internal standards
international see international standards
mandatory see mandatory standards
open see open standards
private see private standards
process see process standards
product see product standards
public see public standards
quality see quality standards
safety see safety standards
voluntary see voluntary standards
Standard Cost Model (SCM) 229
strategic
alliances 50, 94, 189, 192
behaviour 55, 234
policy 77
subcontractors 5, 17, 84, 94–95, 97, 102–105, 108, 190
substitution effects 124
sunk costs 55, 67, 145, 158, 167, 174, 247, 255
sunk development costs 168
supply base 189
supply chain management (SCM) 2, 12, 18–19, 40, 46, 50, 196, 205, 208–211
supply networks 3
surplus
balance see balance surplus
consumer see consumer surplus
producer see producer surplus
Managing transaction costs in the era of globalization

transaction costs
  ex ante see ex ante transaction costs
  ex post see ex post transaction costs
  hard see hard transaction costs
  horizontal see horizontal transaction costs
  intangible see intangible transaction costs
  soft see soft transaction costs
  vertical see vertical transaction costs
  transformation costs 54
  transit goods 39
  trade 21, 39–40, 42, 44, 47, 132
  transition costs 93, 108, 167, 174, 191, 256
  Trefler, Daniel 13, 60, 126
  trust altruistic see altruistic trust
    blind see blind trust
    calculative see calculative trust
    formal see formal trust
    generalized see generalized trust
    informal see informal trust
    moral see moral trust
    mutual see mutual trust
    socially-oriented see socially-oriented trust
  unbounded rationality 57
  uncertainty fundamental see fundamental uncertainty
    informational see informational uncertainty
    uniform policy 219–220, 223–224
  value added 39, 41, 48, 74, 103, 114
    chain 19, 185–186
    creation 1, 3–4, 6, 8, 48, 74, 95, 122, 141, 144, 185, 190, 199, 254, 257
    stream mapping 186
    verification problems 65, 124
    vertical transaction costs 13, 49, 89, 227, 230, 255
  voice and accountability 120
  voluntary standards 148, 150

Switzerland 21–22, 30, 32–33, 38, 48, 122, 206, 251
symmetric information products 156
tacit knowledge 3, 209
technological innovation 20
  progress 87, 176, 179, 181, 215
terms of trade 59
  Tinbergen, Jan 117, 240–242
total cost
  of acquisition 77
  of ownership 77
trade capital 108
deficit 21
  flows 117
  hub 21, 119
  innovations 6, 176–178, 185, 225
  international see international trade
  intracompany see intracompany trade
  intra-industry see intra-industry trade
  policy 6, 205, 224, 252
  relationship 56, 73, 126, 128
  surplus 21, 38
trade balance
  negative see negative trade balance
  positive see positive trade balance
  trade in products 1
  trade in tasks 1, 5, 17, 58–61, 92, 99, 115, 121, 131–133, 140–141, 184, 252, 254
  innovations 6, 92, 176–178, 195
  -oriented economy 29, 143
transaction cost management 1, 3

consumer welfare improvement see consumer welfare improvement 220


social welfare see social welfare improvement 220

Williamson, Oliver 53, 55–57, 69–71, 183, 188, 230, 253

World Bank 119–121

XBRL 147, 150–151, 158–159, 250